IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SBO PICTURES, INC., d/b/a WICKED PICTURES, a California Corporation, Plaintiff, v. DOES 1-3036, Defendants.	Case No. 11-4220 SC ORDER GRANTING IN PART PLAINTIFF'S EX PARTE APPLICATION FOR LEAVE TO TAKE EXPEDITED DISCOVERY, SEVERING DOE DEFENDANTS 2-3036 FROM ACTION, AND DISMISSING CLAIMS AGAINST DOE DEFENDANTS 2-3036

I. INTRODUCTION

On August 26, 2011, Plaintiff SBO Pictures, Inc., d/b/a Wicked Pictures ("Plaintiff") filed a Complaint against 3036 unnamed defendants ("Doe Defendants"), alleging copyright infringement. ECF No. 1 ("Compl."). The same day, Plaintiff filed an Ex Parte Application for Leave to Take Limited Discovery, seeking leave to take third-party discovery in order to unearth the identities of Doe Defendants. ECF No. 4 ("Application"). For the reasons set forth below, the Court GRANTS IN PART Plaintiff's Application, SEVERS Doe Defendants 2-3036 from this action, and ORDERS that the claims against Doe Defendants 2-3036 be dismissed due to improper joinder.

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II. BACKGROUND

Plaintiff is a motion picture production company. Compl. ¶ 7. Plaintiff alleges that it owns the copyright to the film "XXX Avengers" ("the Motion Picture"). Id. Plaintiff claims that the Motion Picture is the subject of the valid Certificate of Registration No. PA 1-745-351, issued June 10, 2011 by the United States Copyright Office, and that Plaintiff owns the registration. Id. ¶ 8.

Plaintiff alleges that Doe Defendants used "an online media distribution system, in this case a BitTorrent network, a 'peer to peer' network (or a 'P2P' network), to reproduce [and distribute] at least one copy of the Motion Picture." Id. ¶ 10. According to Plaintiff, "[e]ach Defendant has acted in cooperation with the other Defendants by agreeing to provide, and actually providing, on a P2P network an infringing reproduction of at least substantial portions of Plaintiff's copyrighted Motion Picture, in anticipation of the other Defendants doing likewise with respect to that work and/or other works." Id. ¶ 11. Plaintiff alleges that all Doe Defendants acted in concert by participating in the same BitTorrent "swarm,"[1] to achieve unlawful reproduction and distribution of the

[1] Jon Nicolini ("Nicolini"), Vice President of Plaintiff's contractor, Copyright Enforcement Group, submitted a declaration in support of Plaintiff's Request. ECF No. 5 ("Nicolini Decl."). He explains how P2P networks distribute infringing copies of copyrighted works through file sharing software such as BitTorrent. The process begins when one user accesses the Internet through an Internet service provider and intentionally makes a digital file of a work available to the public from his or her computer. Nicolini Decl. ¶ 6. This file is referred to as the first "seed." Id. Other users, who are referred to as "peers," then access the Internet and request the file. Id. These users engage each other in a group, referred to as a "swarm," and begin downloading the seed file. Id. As each peer receives portions of the seed, that

Motion Picture. Id. Plaintiff alleges that Doe Defendants' actions have violated Plaintiff's rights under the Copyright Act, 17 U.S.C. §§ 101, et seq.

Plaintiff attaches to the Complaint a list allegedly containing the Internet Protocol ("IP") addresses of each Doe Defendant, the date and time of each alleged infringement, and the Internet Service Provider ("ISP") associated with each IP address. Compl. Ex. A ("IP Log"). Plaintiff's contractor, Copyright Enforcement Group ("CEG"), declares that through monitoring Internet-based infringement of Plaintiff's copyrighted content, it confirmed that each Doe Defendant reproduced at least a substantial portion of the Motion Picture. Nicolini Decl. ¶¶ 17-19, 22.

Plaintiff argues that due to the anonymous nature of the peer-to-peer file distribution system used by Doe Defendants, it can only identify the names and addresses of individuals associated with these IP addresses by subpoenaing the ISPs. Application at 6, 9. Plaintiff seeks leave to serve third-party subpoenas on dozens of ISPs to compel them to provide the name, address, telephone number, and e-mail address of each Doe Defendant. See IP Log; Application Ex. 1 ("Sample Subpoena").

III. LEGAL STANDARD

Generally, a party may not initiate discovery before the parties have met and conferred pursuant to Federal Rule of Civil Procedure 26(f). However, a court may authorize earlier discovery "for the convenience of parties and witnesses and in the interests

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peer makes those portions available to other peers in the swarm. Id.

of justice." Fed. R. Civ. P. 26(d). The requesting party must demonstrate good cause for earlier discovery. See Semitool, Inc. v. Tokyo Electron Am., Inc., 208 F.R.D. 273, 276 (N.D. Cal. 2002). "Good cause may be found where the need for expedited discovery, in consideration of the administration of justice, outweighs the prejudice to the responding party." Id.

According to the Ninth Circuit:

> [W]here the identity of alleged defendants will not be known prior to the filing of a complaint[,] . . . the plaintiff should be given an opportunity through discovery to identify the unknown defendants, unless it is clear that discovery would not uncover the identities, or that the complaint would be dismissed on other grounds.

Gillespie v. Civiletti, 629 F.2d 637, 642 (9th Cir. 1980). For leave to conduct discovery to identify a Doe defendant, the moving party must: (1) identify the defendant with enough specificity to allow the Court to determine whether the defendant is a real person or entity who could be sued in federal court; (2) recount the steps taken to locate the defendant; (3) show that its action could survive a motion to dismiss; and (4) file a request for discovery with the Court identifying the persons or entities on whom discovery process might be served and for which there is a reasonable likelihood that the discovery process will lead to identifying information. Columbia Ins. Co. v. seescandy.com, 185 F.R.D. 573, 578-80 (N.D. Cal. 1999) ("Columbia Ins.").

In the context of parties seeking discovery in alleged online piracy, the court must balance "the need to provide injured parties with [a] forum in which they may seek redress for grievances" against "the legitimate and valuable right [of Internet users] to

participate in online forums anonymously or pseudonymously . . . without fear that someone who wishes to harass or embarrass them can file a frivolous lawsuit and thereby gain the power of the court's order to discover their identity." Id. at 578.

IV. DISCUSSION

The Court is satisfied that Plaintiff has met the first, second, and fourth Columbia Insurance factors. However, the Court finds that Plaintiff has not established that it could satisfy the third Columbia Insurance factor because it has not shown that the Complaint could survive a motion to dismiss based on improper joinder.

A. Permissive Joinder Under Rule 20

Federal Rule of Civil Procedure 20(a) provides that parties may be joined in a single lawsuit where the claims against them arise from a single transaction or a series of closely related transactions. If defendants do not satisfy the test for permissive joinder, a court may sever the misjoined parties, "so long as no substantial right will be prejudiced by the severance." Coughlin v. Rogers, 130 F.3d 1348, 1350 (9th Cir. 1997) (citation omitted); see Fed. R. Civ. P. 21 ("Misjoinder of parties is not a ground for dismissing an action.").

In this case, the Court finds that Plaintiff has failed to satisfy the Rule 20 requirements for permissive joinder. Plaintiff argues that the Doe Defendants are properly joined because they infringed the same copyrighted work in cooperation with each other by exchanging portions of the work with one another (i.e., they were a part of the same "swarm"), and the nature of the BitTorrent

technology requires concerted action with regard to each swarm. Application at 12-14.

Courts in this district are divided as to whether Rule 20 is satisfied by virtue of the fact that defendants were part of the same BitTorrent swarm. Compare Hard Drive Prods. v. Does 1-42, No. CV 11-01956 EDL, 2011 U.S. Dist. LEXIS 105229, at *2 (N.D. Cal. Aug. 3, 2011) (Rule 20 satisfied because defendants participated in a common BitTorrent swarm), with Third Degree Films v. Does 1-3577, No. C 11-02768 LB, 2011 U.S. Dist. LEXIS 128030, at *9 (N.D. Cal. Nov. 4, 2011) (Rule 20 not satisfied even though defendants were part of a common swarm) and Diabolic Video Prods., Inc. v. Does 1-2099, No. 10-CV-5865-PSG, 2011 U.S. Dist. LEXIS 58351, at *10-11 (N.D. Cal. May 31, 2011) (same).

Here, the Doe Defendants' alleged participation in the same swarm spanned approximately a four-month period from May 2011 through August 2011. See IP Log. The Court cannot conclude that a Doe Defendant who allegedly downloaded or uploaded a portion of the Motion Picture on May 11, 2011, a Doe Defendant who allegedly did the same on August 10, 2011, and over three thousand Doe Defendants who allegedly did the same in the interim, were engaged in the single transaction or series of closely-related transactions recognized under Rule 20. See Third Degree Films, 2011 U.S. Dist. LEXIS 128030, at *9 (Even though defendants were allegedly part of same swarm, "permissive joinder is inappropriate, particularly given that 3,577 Doe defendants downloaded the protected work at various dates and times ranging from November 11, 2010, to June 1, 2011.").

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B. Other Factors Bearing on Whether Joinder is Proper

In addition to the Rule 20(a) criteria, a court must examine whether permissive joinder "would comport with the principles of fundamental fairness or would result in prejudice to either side." Coleman v. Quaker Oats Co., 232 F.3d 1271, 1296 (9th Cir. 2000)(internal quotation omitted). Courts may also consider factors such as the motives of the party seeking joinder and whether joinder would confuse and complicate the issues for the parties involved. IO Group, Inc. v. Does 1-435, No. C 10-4382 SI, 2011 U.S. Dist. LEXIS 14123, at *18 (N.D. Cal. Feb. 3, 2011); Hard Drive Prods., Inc. v. Does 1-188, No. C-11-01566 JCS, 2011 U.S. Dist. LEXIS 94319, at *17 (N.D. Cal. Aug. 23, 2011).

Here, the Court finds that even if Rule 20 were satisfied, other concerns weigh against joinder. First, joinder has the potential to produce an unfair result for some, if not many, Doe Defendants. Plaintiff defines Doe Defendants as the ISP subscribers whose internet connection was allegedly used to pirate the Motion Picture. Compl. ¶ 5. As many courts have noted, however, the ISP subscriber to whom a certain IP address was assigned may not be the same person who used the Internet connection for illicit purposes. For example, "[ISP] subscriber John Doe 1 could be an innocent parent whose internet access was abused by her minor child, while John Doe 2 might share a computer with a roommate who infringed Plaintiff's works." Third Degree Films, 2011 U.S. Dist. LEXIS 128030, at *9. By defining Doe Defendants as ISP subscribers who were assigned certain IP addresses, instead of the actual Internet users who allegedly engaged in infringing activity, "Plaintiff's sought-after discovery

has the potential to draw numerous innocent internet users into the litigation, placing a burden upon them that weighs against allowing the discovery as designed." Hard Drive Prods., Inc. v. Does 1-130, No. C-11-3826 DMR, 2011 U.S. Dist. LEXIS 132449, at *6 (N.D. Cal. Nov. 16, 2011). If the Court were to grant Plaintiff's Application, Plaintiff would likely send settlement demands to the individuals whom the ISP identified as the IP subscriber.[2] "That individual -- whether guilty of copyright infringement or not -- would then have to decide whether to pay money to retain legal assistance to fight the claim that he or she illegally downloaded sexually explicit materials, or pay the money demanded. This creates great potential for a coercive and unjust 'settlement.'" Id. at *9.

Indeed, the Court is concerned that Plaintiff's motive for seeking joinder of over three thousand Doe Defendants in one action may be precisely to coerce such settlements. See IO Group, Inc., 2011 U.S. Dist. LEXIS 14123, at *19. As Plaintiff's counsel surely knows, trial of a suit with thousands of individual defendants would present unmanageable difficulties. The vast majority of these mass copyright infringement suits are resolved through settlement once the plaintiff secures the information identifying the Does. Id. As Judge Beeler has noted, Plaintiff's counsel in this action has filed at least ten other mass copyright infringement suits against large numbers of Doe defendants. See Patrick Collins, Inc. v. Does 1-3757, No. C 10-05886 LB, 2011 U.S. Dist. LEXIS 128029, at *6-7 (N.D. Cal. Nov. 4, 2011). The court in

[2] Indeed, Plaintiff has already sent settlement demands to the ISPs with a request that they be forwarded to the subscribers. Nicolini Decl. ¶ 21.

Patrick Collins reviewed the dockets in those cases and determined that no plaintiff ever filed proof of service upon a single defendant, even after a number of defendants were identified and settled with plaintiffs. Id. at *7. Instead, the plaintiffs "appear[ed] content to force settlements without incurring any of the burdens involved in proving their cases." Id. It therefore appears that Plaintiff's motive in joining over three thousand defendants in one action is to keep its own litigation costs down in hopes that defendants will quickly agree to a settlement. However, "while the courts favor settlements, filing one mass action in order to identify hundreds of doe defendants through pre-service discovery and facilitate mass settlement, is not what the joinder rules were established for." Id. (internal quotation omitted).

Additionally, the Court finds that Plaintiff would not suffer undue prejudice by severing Doe Defendants 2-3036 and dismissing them from the case without prejudice. The earliest date of an illegal download identified in Plaintiff's IP Log is May 2011. Under 17 U.S.C. § 507, the statute of limitations of a civil copyright action is three years after the claim accrued. Thus, Plaintiff has ample time to file individual lawsuits should it choose to do so. Furthermore, Plaintiff's contractor CEG already sent notices to each of the ISPs at issue, and requested that the ISPs forward those notices to the addresses of the subscribers associated with each allegedly infringing IP address. Nicolini Decl. ¶ 21. Each notice included, among other things, an address where the accused infringer can contact CEG to arrange for settlement. Id. Thus, Plaintiff may obtain, and indeed may have

already obtained, settlements from many of the alleged infringers without Court-ordered discovery.[3]

Plaintiff argues that the Court should not rule on whether joinder is proper at this stage in the case. Application at 11. Plaintiff does not flesh out this argument, but it provides a full-page block quote from Call of the Wild Movie, LLC v. Does 1-1,062, 770 F. Supp. 2d 332, 344-345 (D.D.C. 2011), in which Judge Howell reasons that considering severance at this juncture would introduce "significant obstacles in [plaintiffs'] efforts to protect their copyrights from illegal file-sharers and this would only needlessly delay their cases." Judge Howell proceeds to explain that the plaintiffs would need to file thousands of separate lawsuits, pay the associated filing fees, and then move to issue separate subpoenas to ISPs in search of each defendant's identifying information. Id. Be this as it may, the Court finds that the potential for coercing unjust settlements from innocent defendants trumps Plaintiff's interest in maintaining low litigation costs. Moreover, other courts and commentators have noted the flipside of Judge Howell's argument. Namely, "a consequence of postponing a decision on joinder in lawsuits similar to this action results in lost revenue of perhaps millions of dollars (from lost filing fees) and only encourages [plaintiffs in copyright actions] to join (or misjoin) as many doe defendants as possible." IO Group, 2011 U.S. Dist. LEXIS 14123, at *20 n.5 (citation omitted).

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[3] The IP addresses listed in the IP log correspond to those subscribers who had not yet settled as of the time the Complaint was filed. Nicolini Decl. ¶ 21.

V. CONCLUSION

For the reasons stated above, the court GRANTS IN PART Plaintiff SBO Pictures, Inc.'s Ex Parte Application for Leave to Take Limited Discovery. Within ten (10) days of this Order, Plaintiff shall serve on Doe 1's ISP a subpoena in the form attached as Exhibit 1 to Plaintiff's Application. The subpoena shall include a copy of the Complaint and this Order. The ISP shall have thirty (30) days from the date of service upon it to serve Doe 1 with a copy of the subpoena, the Complaint, and this Order. The ISP may serve Doe 1 using any reasonable means, including written notice sent to Doe 1's last known address, transmitted either by first-class mail or via overnight service. The ISP and Doe 1 each shall have thirty (30) days from the date of service upon them to file any motions in this Court contesting the subpoena (including a motion to quash or modify the subpoena). If that thirty-day period lapses without Doe 1 or the ISP contesting the subpoena, then the ISP shall have ten (10) days to produce to Plaintiff the information responsive to the subpoena with respect to Doe 1.

The ISP shall preserve all subpoenaed information pending the ISP's delivering such information to Plaintiff, or the final resolution of a timely filed and granted motion to quash the subpoena. Plaintiff may use any information disclosed in response to the subpoena solely to protect its rights under the Copyright Act, 17 U.S.C. § 101, et seq.

It is further ORDERED that Doe Defendants 2-3036 are SEVERED from this action, and Plaintiff's claims against Doe Defendants 2-3036 are DISMISSED without prejudice for improper joinder.

Lastly, Plaintiff asks that the Court enlarge time for Plaintiff to serve process on Doe Defendants until 180 days after the date of this Order due to the delays involved in issuing subpoenas to ISPs, receiving responses to those subpoenas, and subsequently serving Doe Defendants.[4] Even though only one Doe Defendant remains in this action, the timeline set forth above demonstrates that an enlargement of time is necessary. Accordingly, the Court GRANTS Plaintiff's Application to Enlarge Time.

Plaintiff also requests that no Case Management Conference be held until approximately 210 days from the date of this Order in order to allow for service of process and Doe Defendant's response. Accordingly, the Case Management Conference currently scheduled for December 9, 2011 is hereby continued to July 27, 2012, at 10:00 a.m. in Courtroom 1, on the 17th floor, U.S. Courthouse, 450 Golden Gate Avenue, San Francisco, CA 94102. The parties shall file a Joint Case Management Statement with the Court at least seven (7) days prior to the Conference.

IT IS SO ORDERED.

Dated: November 30, 2011

UNITED STATES DISTRICT JUDGE

[4] Plaintiff filed an Application for Enlargement of Time to Serve Defendants along with its Application for Leave to Take Limited Discovery. ECF No. 2.